

TAX RELIEF COALITION

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April 6, 2011

To All Members of the U.S. Senate and House of Representatives

The Tax Relief Coalition (TRC) is an organization of more than 1,000 trade associations, corporations and advocacy groups which was formed in 2001 to advocate for pro-growth tax policies. Our members represent 1.8 million businesses of all sizes, from every state and from every industry sector – businesses which invest in our economy and create jobs.

We are writing today because America faces enormous fiscal challenges – a broken and outdated tax code and an unsustainable build-up of debt. These exceptionally important challenges require the urgent attention of Members of Congress.

We believe our elected leaders must take time and must make the difficult decisions to address our long-run fiscal challenges, even as they address the urgent problems of today.

House Budget Committee Chairman Paul Ryan began that process with the release of his budget outline to rein in spending, deficits and debt while reforming our nation's broken tax code and restructuring entitlements to ensure they protect current generations while beginning to save the nation's critical health and retirement security programs for future generations.

Conversely, the President's budget proposal projects a deficit in 2011 of \$1.6 trillion. Over a ten-year period, the deficit would hit a low of \$607 billion in 2015 and by 2021 it would once again climb back up to \$774 billion. The debt is projected to expand by \$3.8 trillion in the next five years and by \$7.2 trillion in the next 10 years.

As a result, the debt to GDP ratio would rise from about 72% in 2011 to more than 77% by 2021.

In contrast the debt to GDP ratio in 2008 was 40.3%.

The administration's budget calls for about \$1.5 trillion in tax increases on corporations, small businesses and higher income individuals.

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The administration's budget proposal fails to lay out a pathway that moves the fiscal challenge confronting the country in the right direction and it fails to even stabilize the debt ratio.

While the President's budget includes much to criticize, one of its biggest is what is missing. Despite a specific mention in the State of Union address, the administration's budget proposal makes no mention of tax reform.

It is a budget that calls for more spending, higher taxes and bigger government.

The mountains of debt left in the wake of this spending spree will weaken our dollar, encourage inflation, put upward pressure on interest rates, make us more dependent on foreign sources of capital and ultimately send our future wealth abroad to the people from whom we borrowed.

The president's budget is a prescription for slower economic growth, prolonging high unemployment levels and making U.S. companies less competitive in world markets.

The Congressional Budget Office estimated that the Federal government is on track to spend \$45.77 trillion in the next 10 years, and that total deficits will amount to nearly \$12 trillion if current policies are extended.

The biggest reason for this long-term debt explosion is our system of entitlements. Republicans and Democrats in Washington both understand that reforming entitlements is essential to making a real dent in the debt. Strong leadership is needed now to advance solutions to ensure America's entitlement programs can serve both current and future generations. These are consequential decisions of necessity.

There is simply no way spiraling spending and mounting debt can be sustained without additional, even more economically crippling, tax increases.

There is no way to make a significant dent in projected deficits without action steps to overhaul Medicare, Social Security, Medicaid and other mandatory spending programs, which make up 60% of the budget.

House Budget Committee Chairman Paul Ryan has just released a budget blueprint that provides a pathway for reforming a broken tax system to make America more competitive; his proposal confronts the drivers of our nation's debt – escalating entitlement costs – and, as a result, avoids an otherwise-inevitable massive tax increase that would hinder job creation and slow economic growth.

Chairman Ryan has put forward a budget that will help spur job creation and economic growth and that will help save the nation's critical health and retirement security programs.

April 6, 2011

Page 3

It is a budget that takes the spending curve and bends it back.

Getting the economy back to a rate of growth above our long-run potential would have an immediate and profound effect on our fiscal situation.

We recognize that this budget proposal will trigger a debate over the size and scope of government, spending priorities that will reverberate for months, but it is exactly and specifically the debate the country needs to have – and on which policymakers in Congress must lead – to address our nation's fiscal challenges.

The cost of doing nothing is not acceptable.

By 2040, Social Security, Medicare, Medicaid and interest on the debt are expected to equal all Federal revenues. And according to the Government Accountability Office, debt held by the public may surpass the post-World War II high of 109% of the economy by 2021. More debt means fewer American jobs and slower economic growth.

The time to act is now.

And, that process begins with the Federal government getting its fiscal house in order and reforming a broken tax system to make America more competitive.

Consequently, the Tax Relief Coalition (TRC) welcomes the opportunity to work with Congress and the Administration to promote job creation and economic growth.

TRC members believe strongly that establishing an environment that facilitates and promotes U.S. competitiveness and economic growth must be the top priority of the Administration, Congress and the private sector and that House Budget Committee Chairman Ryan's budget roadmap deserves full consideration by Congress to accomplish those goals.

Sincerely,

THE TAX RELIEF COALITION MANAGEMENT COMMITTEE (see attached)

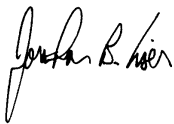
April 6, 2011
Page 4



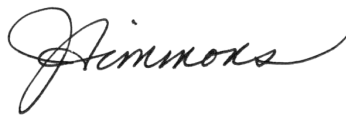
Grover Norquist
President
Americans for Tax Reform



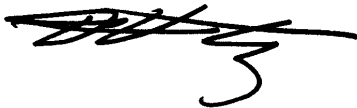
Stephen E. Sandherr
Chief Executive Officer
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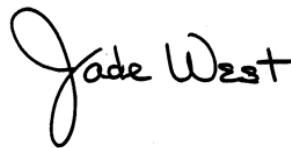
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